Treasury Board of Canada Secretariat
Secrétariat du Conseil du Trésor du Canada
Canada

Report on the Administration of the Supplementary Retirement Benefits Act

for the Fiscal Year Ended March 31, 2017

ANNUAL REPORT

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Her Excellency the Right Honourable Julie Payette, C.C., C.M.M., C.O.M., C.Q., C.D.
Governor General of Canada

Excellency:

I have the honour to submit to Your Excellency, the Report on the Administration of the Supplementary Retirement Benefits Act for the Fiscal Year Ended March 31, 2017.

Respectfully submitted,

Original signed by

The Honourable Scott Brison, P.C., M.P.
President of the Treasury Board

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Introduction

The Supplementary Retirement Benefits Act (SRBA) applies primarily to pension benefits payable to federal judges under the Judges Act, as well as to pension benefits payable under other statutes listed in Schedule I of the SRBA, such as the Diplomatic Service (Special) Superannuation Act, the Lieutenant Governors Superannuation Act, the Defence Services Pension Continuation Act of the Canadian Armed Forces and the Royal Canadian Mounted Police Pension Continuation Act.

The SRBA does not apply to pension benefits payable under the major federal public service pension plans governed by the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act.

Year at a glance

- Active contributors decreased by 0.8% to 1,161 members (1,170 members in 2016).
- Retired members and survivors decreased by 1.5% to 1,350 members (1,371 members in 2016).
- As a result of indexation, pension benefits were increased by 1.3% in January 2017 (1.3% in January 2016).

Historical context

The SRBA provides supplementary benefits for recipients of pensions or allowances payable under the acts or regulations listed in Schedule I of the SRBA.

Effective January 1, 1974, an annual increase in pensions reflecting the full increase in the cost of living was permitted, payable starting in January of each year. This increase is based on the percentage increase in the average of the Consumer Price Index (CPI) for the 12 months ended on the preceding September 30, over the CPI average for the 12 months ended a year earlier. Since 1982, the legislation has required that the increase payable in the first year after a person retires be pro-rated to the number of complete months of retirement in the previous year.

In 1992, the SRBA was amended to reflect changes being made to the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act and no longer applied to pension benefits payable under these statutes. Consequently, these statutes were amended to incorporate the authority to provide increases in their respective pensions as if they were determined under the SRBA.

Supplementary Retirement Benefits Account

The SRBA establishes an account known as the Supplementary Retirement Benefits Account (the account) in the Public Accounts of Canada. Plan members who have not yet retired, except the Governor General, contribute to the account. The government matches these contributions.

Before January 1, 1974, all supplementary benefits were charged to the account. Since that date, however, the benefits paid to former contributors have been charged to the account only until they equal the total amount credited to the account. Supplementary benefits paid in excess of that total are charged to the Consolidated Revenue Fund.

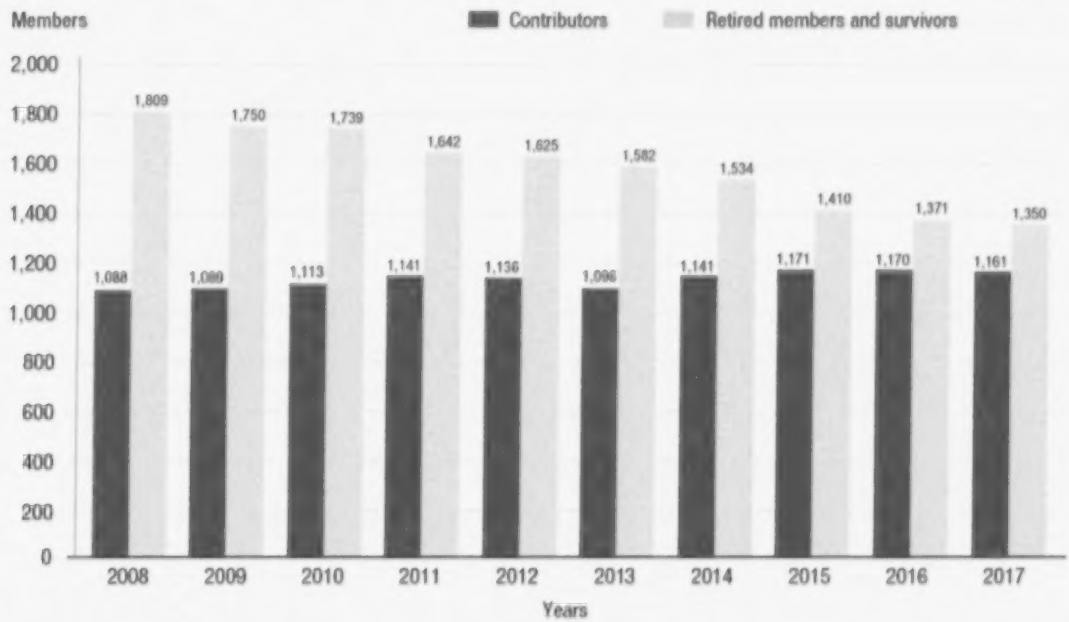
Under the 1992 amendments mentioned in the previous section, the appropriate portions of the account were transferred to the superannuation accounts established under the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act. These transfers have greatly reduced the size of the account.

Membership statistics

As at March 31, 2017, there were 1,161 members (1,170 members in 2016) contributing to the account and 1,350 retired members and survivors (1,371 members in 2016).

Figure 1 shows the number of contributors relative to the number of retired members and survivors from 2008 to 2017.

Figure 1. Contributors, and retired members and survivors from 2008 to 2017



Funding

Between April 1, 1970, and December 31, 1976, members contributed 0.5% of their salary. Effective January 1, 1977, this rate was increased to 1%.

Interest on the account is payable at the end of each quarter. It is calculated monthly on the minimum balance in the account at an interest rate that represents the yield on outstanding Government of Canada bonds that have a term to maturity of 5 years, reduced by 0.125%.

Account transactions

In fiscal year ended March 31, 2017, total receipts from contributors and the government, including interest, amounted to $8.69 million ($8.81 million in fiscal year ended March 31, 2016).

The total amount paid under the SRBA was $30.33 million ($30.70 million in fiscal year ended March 31, 2016), of which $20,721 ($25,819 in fiscal year ended March 31, 2016) was charged to the account; the remaining $30.31 million ($30.67 million in fiscal year ended March 31, 2016) was charged to the Consolidated Revenue Fund, in accordance with subsection 8(2) of the SRBA.

The balance in the account at the end of the year was $224.53 million ($215.86 million in fiscal year ended March 31, 2016).

Details of the transactions in the account during the fiscal year appear in the "Account transaction statements" section.

Account transaction statements

Supplementary Retirement Benefits Account statement
Fiscal year ended March 31, 2017 ($ thousands)[1]

	2017	2016
Supplementary Retirement Benefits Account, opening balance (A)	**215,856**	207,072
Receipts		
Contributions		
Members	**3,596**	3,625
Government	**3,583**	3,625
Interest	**1,515**	1,560
Total receipts (B)	**8,694**	8,810
Payments		
Annuities[2]	**30,326**	30,700
Less charges to Consolidated Revenue Fund in accordance with subsection 8(2) of the SRBA[2]	**30,306**	30,674
Net payments (C)	**20**	26
Increase (B – C = D)	**8,674**	8,784
Supplementary Retirement Benefits Account, closing balance (A + D)	**224,530**	215,856

1. Due to rounding, figures differ slightly from those in the Public Accounts of Canada.
2. This information does not reflect exactly the information presented in the Public Accounts of Canada. Annuities and charges to the Consolidated Revenue Fund are supplementary information included to reflect all payments made under the authority of the SRBA. The amounts charged to the Consolidated Revenue Fund are not charged to the Supplementary Retirement Benefits Account due to an exclusion under subsection 8(2) of the SRBA. The amount of charges to the Consolidated Revenue Fund reported in this statement is calculated based on financial information provided directly by several organizations responsible for processing SRBA benefit payments, such as the Registrar of the Supreme Court of Canada, the Office of the Commissioner for Federal Judicial Affairs Canada, Canadian Heritage, National Defence and the Senate of Canada.

Supplementary Retirement Benefits Account statement
Details of receipts and payments for fiscal year ended March 31, 2017
($ thousands)[1]

	Judges	Others	Total
Supplementary Retirement Benefits Account, opening balance (A)	**215,089**	**767**	**215,856**
Receipts			
Contributions			
Members	3,558	38	3,596
Government	3,558	25	3,583
Interest	1,509	6	1,515
Total receipts (B)	**8,625**	**69**	**8,694**
Payments			
Annuities[2]	0	20	20
Return of contributions	0	0	0
Total payments (C)	**0**	**20**	**20**
Increase (B – C = D)	**8,625**	**49**	**8,674**
Supplementary Retirement Benefits Account, closing balance (A + D)	**223,714**	**816**	**224,530**

1. Due to rounding, figures differ slightly from those in the Public Accounts of Canada.
2. In addition to these charges to the account, $30.31 million was charged to the Consolidated Revenue Fund under subsection 8(2) of the SRBA, as reported in the previous statement. The information in this statement is similar to that reported in the Public Accounts of Canada.